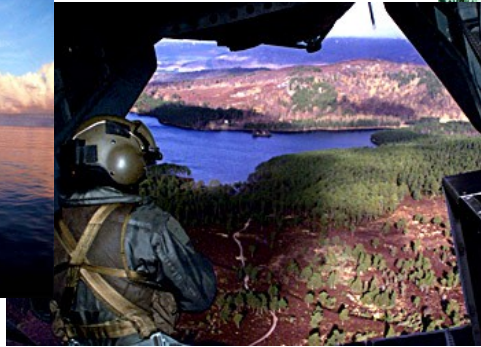




Logistics Transformation in the DOD Environment



**RADM Raymond A. Archer III, SC,
USN**

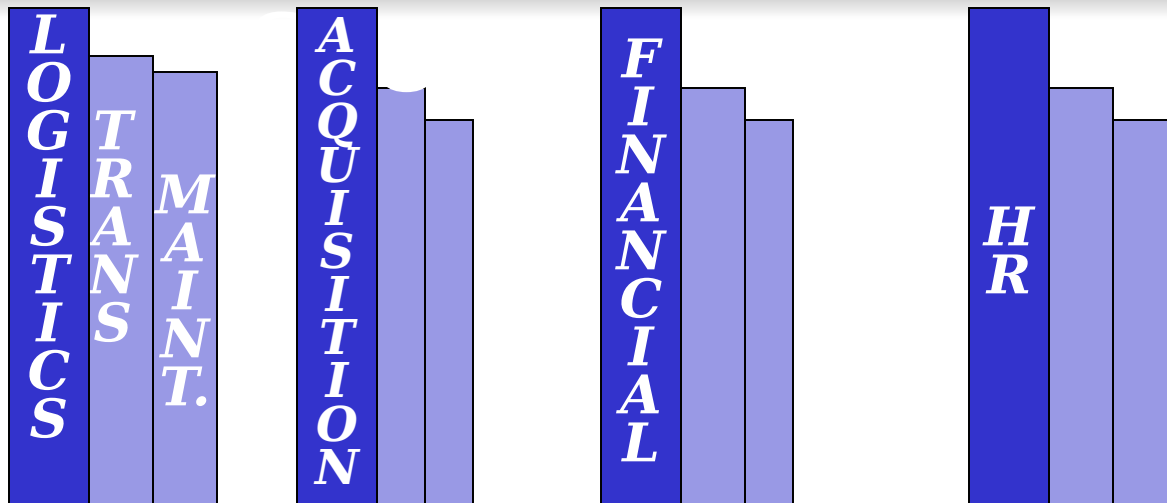
Vice Director, Defense Logistics

Agency

**AFCEA Luncheon
February 05, 2002**



Paradigm... Community Based



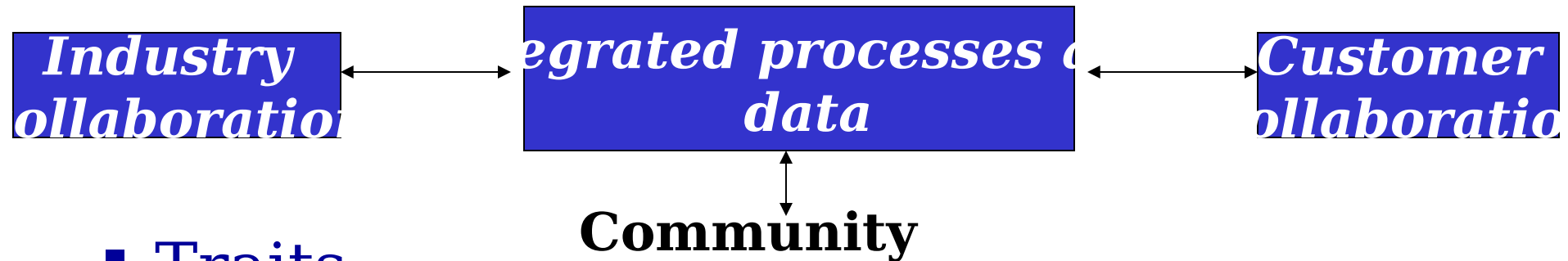
■ Traits

- ✓ Internally focused, no collaboration with customers/suppliers
- ✓ Related by transaction, no integration
- ✓ No enterprise focus or decision
- ✓ No data integrity
- ✓ Expensive outcomes
- ✓ Expensive processes

***Does not
fit
anymore!***



The New Paradigm... Enterprise Based



■ Traits

- ✓ Communities served by tailored “knowledge” needs
- ✓ Customer focus, industry and customer collaboration
- ✓ Integrated processes and data... of
- ✓ Enterprise built on roles
- ✓ Best value decisions
- ✓ Best value processes

**Successful
Commercial**



Where Do You Start Define the Enterprise”

- What do you offer? Value?
- Who are your...
 - Customers
 - Suppliers/Partners
 - Stockholders
- What is the correct relationship?
- What is success?



What Are the Impediments?

- Culture
 - Internal/External
- Power brokers
 - Internal/External
- Compelling reason to change
- Corporate courage
- Corporate change process



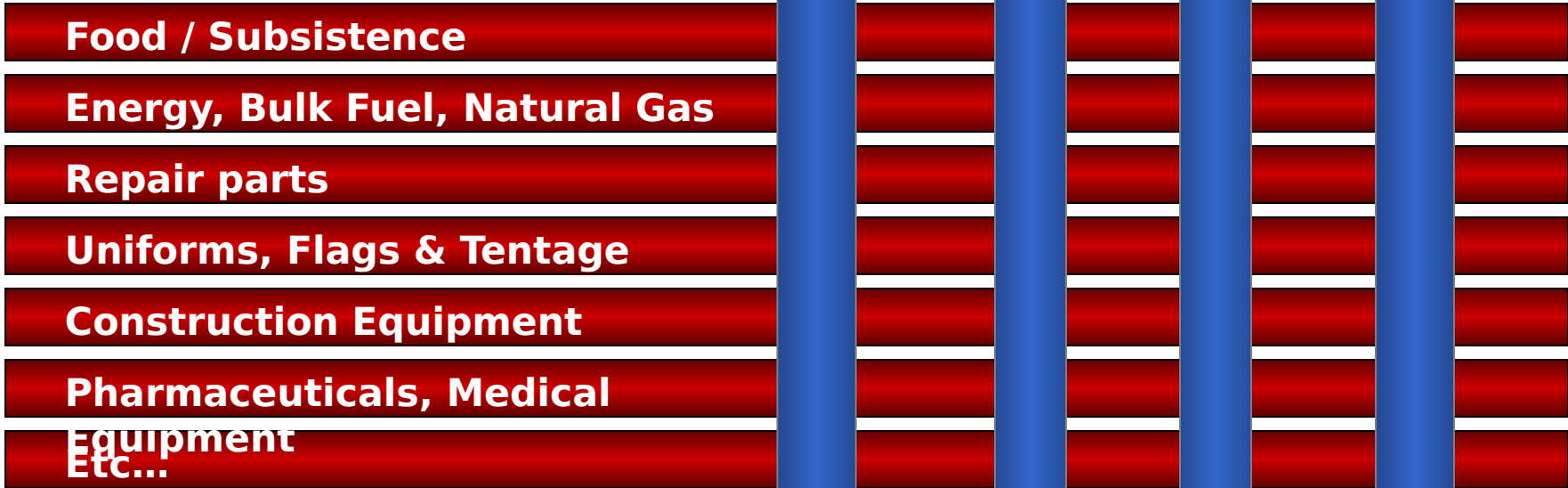
Natural Enterprise Mapping

Supply Chain Services

Business Integration

Order Fulfillment

“Supply Chains”



24x7

Distribution & Theatre Management

Contract Management



Supply Chain ↔ EA Enterprise One in the Same

Its not About Who, its About
processes!

- **Access to crucial information**
- **Control over assets critical to success**
- **Has clear authorities and responsibilities**
- **Owens the means to establish and maintain business relationships**

Adopting Commercial Proces



DOD Value Proposition

- **Transforming from internally focused stovepipe communities to customer focused enterprise based on commercial best practices and tools**
- **Customer is better served at the right value**



For DLA... Compelling Reason

- **Poor customer perception**
- **Reactive vice proactive**
- **Loosing sales and market position**
- **Cost not understood**
- **Legacy environment on final breath**
- **No clear direction**



DLA Transformation... or What is BSM?

- **It's a transformation**
 - **Reengineer processes**
 - **Use best practices**
 - **Become commercial-literate**
- **Supported by new IT environment**
 - **Commercial-Off-The-Shelf (COTS)**
 - **Embedded best practices**
 - **Enterprise solution**
 - **Integrated Data Environment**

**Not Just
Legacy
System
Replacement!**



New Practices

- **Focus... Customer vice Function**
- **Organization ... Customer Segment vice Product**
- **Investment... Agreed Outcome vice Availability**
- **Process... Collaboration vice Levels**

Collaboration at both Ends

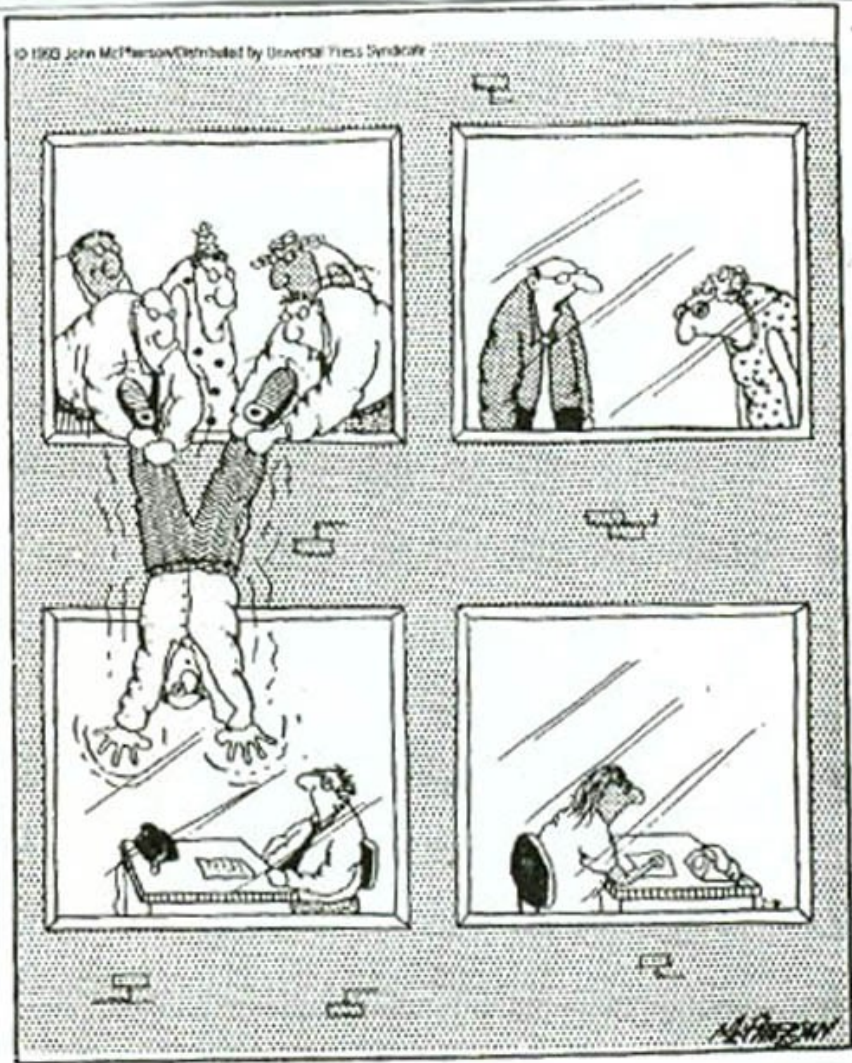


Where Should You Focus

- **Process Integration... Business Transformation**
- **Customer Relation Management**
- **Collaboration**
- **Positioning vice Levels**
- **Transportation Planning and Distribution Planning**
- **Demand Planning**
- **Supplier Management**



How we change the culture...



I guess they mean it when they say "My way or the highway!"

